How banks respond to the pandemic will define tomorrow's winners

Issue 1: COVID-19 response and implications on ASEAN banks

April 2020
How banks are responding to the COVID-19 crisis.

There is uncertainty in how the pandemic will play out and estimates are evolving frequently. Most economists are predicting a “U” Shape recovery.

ASEAN governments’ containment measures flatten the COVID-19 case curve, but deepen the economic disruption.

COVID-19 impacts all aspects of the banks ecosystem. Banks course of action should be designed to manage these key stakeholders “Now”, “Next” and “Beyond”.  

Banks should consider nine priorities to respond to this crisis.

Along with focusing on immediate response, banks should use this opportunity to fast forward their strategy. EY teams can collaborate with you to help steer these challenges.

The stimulus transmission challenge framework can be used to transmit money efficiently across banks and real economy.

Appendix: Governments, regulators and financial institutions responding to the crisis.

Authors

About this report

This document is the first in a series of issues on how COVID-19 will impact the financial services industry in ASEAN. In this issue, we discuss the evolving challenges faced by the banks in the region and what they must do now, next and beyond to assess the impact of COVID-19, implement regulatory measures and support the economy, while staying ahead of the competition during the pandemic.

This document also provides updates on the measures ASEAN regulators are taking with regards to COVID-19. Countries covered in the document include Singapore, Malaysia, Thailand, Indonesia, Philippines and Vietnam.
COVID-19 is significantly impacting lives and economies across ASEAN.

As at 27 April 2020, there were over three million confirmed cases of COVID-19 globally and more than 200,000 deaths. This has forced economies into unprecedented measures to restrict daily activities to slow the pandemic.

In ASEAN, resurgence of new cases after an initially well-controlled outbreak in countries such as Singapore and Indonesia has prompted governments to take stricter measures in containing the virus. All countries in the region now have various degrees of movement and business restrictions.

### Key highlights from ASEAN

<table>
<thead>
<tr>
<th>Cases (27 April 2020): Movement Restrictions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
</tr>
<tr>
<td>14,423</td>
</tr>
<tr>
<td><strong>Strict lockdown or circuit-breaker, only essential services running</strong></td>
</tr>
</tbody>
</table>

Estimating the macroeconomic and financial market impact of COVID-19 is increasingly difficult. Most analysts are predicting negative gross domestic product (GDP) growth for the global economy in 2020, but the business impact is expected to be substantially larger than current forecasts for both the economy and for banks.

We can already witness this in China, where even with factories restarting, stores reopening and people getting back to work, many Chinese factories find demand for their products has declined and consumers are reluctant to spend. It will be a slow recovery also because of the interconnection of economies globally. Domestic consumption alone won’t restart the economy; it will need to be coupled with a revival of global trade flows and this may take a considerable period of time.
There is uncertainty in how the pandemic will play out and estimates are evolving frequently. Most economists are predicting a U-shaped recovery.

**Possible scenarios**

1. **Best case**
   - Snap back V-shaped recovery
   - Temporary dip in global economic development
   - Summer will “heal” COVID-19
   - Governmental interventions create strong rebound
   - Effective treatment will be available quickly

2. **Most likely outcome**
   - Event-driven recession U-shaped recovery
   - Negative economic growth in 2020 (ASEAN -1.3\%\(^1\))
   - Governmental interventions produce mixed results
   - Treatment by the end of 2020, infections continue throughout 2020 and into 2021

3. **Worst case**
   - COVID-19 here to stay L-shaped recovery
   - Global recession and slow recovery
   - Massive and continuing governmental interventions
   - Treatment only available in the long term with extended humanitarian crisis

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**Outcomes**

- The picture by country varies, with a significant slowdown expected in 2020 and gradual recovery in 2021.

<table>
<thead>
<tr>
<th>2020 Pre</th>
<th>2020 Post (downside)</th>
<th>2020 Post (upside)</th>
<th>2021 (downside)</th>
<th>2021 (upside)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>6.7</td>
<td>1.9</td>
<td>5.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.2</td>
<td>-0.3</td>
<td>4.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6.0</td>
<td>0.0</td>
<td>5.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.5</td>
<td>-2.5</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.8</td>
<td>-4.9</td>
<td>0.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Singapore</td>
<td>1.4</td>
<td>-5.1</td>
<td>-0.8</td>
<td>-1.0</td>
</tr>
</tbody>
</table>

**Source:** EY analysis based on Standard & Poor’s Financial Services LLC (S&P) as at 22 March 2020, Oxford Economics as at 8 April 2020

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ASEAN governments’ containment measures flatten the COVID-19 case curve but deepen the economic disruption.

Banks need to work closely with governments and continue providing support to the economy and the people through this challenging time.

Governments and regulators have an important role to play to keep supporting economies during the worst of the crisis. Together with other economic pillars – including agencies such as ADB, World Bank and the banks themselves – joining forces, there is an obligation to keep the economy alive.

ASEAN banks are well capitalized, and have sufficient buffers to withstand economic shocks (thanks to lessons learned from the 2008 GFC). They are also well-placed to play an important role in supporting the various governments’ initiatives and also to come with some initiatives of their own to support their customers in these times.

With the diverse situations across the different countries in ASEAN, it is difficult to overgeneralize. But it is clear that the banks need to adapt to ensure that the stimulus measures are transmitted smoothly into the economy.

It is positive to see the announcements by governments to address the immediate needs of the people and the next step is to ensure it reaches the businesses and people.
COVID-19 impacts all aspects of the banks ecosystem. Banks course of action should be designed to manage these key stakeholders “Now”, “Next” and “Beyond”.

- Social distancing reducing end-customer demand across sectors
- Lockdowns and other restrictive measures limiting ability to serve customers
- Many banks’ partners in standstill due to lack of buffers
- Modern financial services network complexity hampers coordinated response
- Serious liquidity issues for many Southeast Asian corporations
- Investors becoming more aware of risks and risk-averse
- More Southeast Asian governments enforcing full lockdowns
- Southeast Asian governments still unclear on how to mitigate economic impacts of current and future pandemics

Employees safety crucial to maintain business

Right technology or IT infrastructure needed to facilitate better remote working environment

Banks will need to manage their key stakeholders over three phases

Short-term | Long-term
---|---
1 | 1
Now | Immediate response
2 | Next
Next | Reboot and react
3 | Beyond
Beyond | Adapt to the new world
Banks should consider nine priorities to respond to this crisis.

These priorities should be executed with consideration of the impact on customers, competition, as well as the market and ecosystem in mind.

<table>
<thead>
<tr>
<th>Now (Immediate response)</th>
<th>Next (Reboot and react)</th>
<th>Beyond (Adapt to the new world)</th>
</tr>
</thead>
</table>
| 1 Government support implementation  
  - Stimulus package allocation | 5 Finance and balance sheet management  
  - Balance sheet review and reconfiguration  
  - Financial reporting impact | 8 Strategy and business model review  
  - Focus on the core and streamline non-core businesses  
  - Digital transformation  
  - Business portfolio review and strategy |
| 2 Crisis management  
  - Create task force  
  - Communicate business continuity plans (BCP) | 6 Customer protection and engagement  
  - Customer protection  
  - Digital engagement | 9 M&A and partnerships  
  - Acquisition to build capabilities  
  - Opportunistic acquisition  
  - Divestitures |
| 3 Short-term liquidity management | | |
| 4 Rapid cost reduction | 7 Operational efficiency improvements  
  - Develop operating model for the new normal | |
Along with focusing on the immediate response, banks should use this opportunity to fast forward their strategy. EY teams can collaborate with you to help steer these challenges.

The recovery is unlikely to bring us back to where we were, but in a new normality for the financial services sector. In the coming weeks we will be releasing POV on these important questions and how banks and other FS participants can prepare for the future. Please speak to your EY contact to learn more.

| Now | Immediate response
| Next | Reboot and react
| Beyond | Adapt to the new world

1. **Government support implementation**
   - Execute across the stimulus transmission framework to provide end-to-end support

2. **Crisis management**
   - Support with operational crisis and risk management
   - Develop contingency plans to facilitate quick, effective response to all possible scenarios

3. **Short-term liquidity management**
   - Preserve value and manage ongoing liquidity requirements

4. **Rapid cost reduction**
   - Support with quick identification and implementation of cost reduction opportunities

5. **Finance and balance sheet management**
   - Identify impacted segments within balance sheet and plans to reduce/analyze risks

6. **Customer protection and engagement**
   - Identify and prioritize key action steps to protect relationships with top customers and strategic partners

7. **Operational efficiency improvements**
   - Analyze cost base to improve performance, while reducing business disruption
   - Provide operational support with reboot (e.g. operational setup for coping with demand catch-up)
   - Develop operating model for the new normal

8. **Strategy and business model review**
   - Conduct strategic planning for the "new world" (like footprint or network redesign)
   - Conduct business portfolio review across segments and products
   - Support reshaping of delivery models and value chains
   - Support reflection of organizational digital transformation
   - Rethink client relationship processes to increase digitization and facilitate proximity and trust

9. **M&A and partnerships**
   - Identify divestment options
   - Support bolt-on acquisitions that strengthen the enterprise at an attractive valuation
The stimulus transmission challenge framework can be used to transmit money efficiently across banks and real economy.

Central Banks or Supervisors
- **Monetary policy**
  - Widening monetary policy:
    - Lower base rates
    - $ swap lines
    - Asset purchase schemes

Governments or G7
- **Regulatory forbearance**
  - Capital forbearance:
    - Counter Cyclical Buffers
    - Deferral of stress tests
    - NPL recognition and provisioning

- **Targeted fiscal incentivisation**
  - Specific programmes:
    - Loan guarantees

- **Fiscal policy**
  - State aid:
    - Crisis rescues
  - Universal Basic Salary:
    - % of previous earnings

Commercial Paper Schemes:
- Eligibility

Financial sector

Banks
- **Forbearance measures**: Credit risk management
- **Communication challenge**: Communicating clearly to customers and clients
- **Business Continuity**: Activation and adaptation of BCPs
- **Workforce challenge**: Remote workforce and maintenance of service
- **Credit challenge**: Impacted clients and sectors
- **Forbearance implementation**: Eligibility and implementation challenges
- **Operating model challenge**: Scaling collections, recoveries and workout units
- **Reporting challenge**: Ensuring alignment with ratings agencies and credit bureau
- **Accounting and disclosures**: Forward guidance, IFRS 9

Real Economy

Personal customers

SMEs*

Corporates

Sectors or Industries

*Small and medium-size enterprises
# Appendix: Governments, regulators and financial institutions responding to the crisis.

## Summary of Governments’ measures across key markets in ASEAN.

<table>
<thead>
<tr>
<th>Stimulus package as % of GDP (Correct as at 23 April 2020)</th>
<th>Singapore</th>
<th>Indonesia</th>
<th>Thailand</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12%</td>
<td>3.2%</td>
<td>16.0%</td>
<td>19%</td>
<td>1.3%</td>
<td>5.2%</td>
</tr>
<tr>
<td></td>
<td>SGD 59.9b (US$41.6b)</td>
<td>IDR 405.1t (US$24.5b)</td>
<td>THB 2.4t (US$74b)</td>
<td>MYR 260b (US$60b)</td>
<td>PHP 280.5b (US$5.5b)</td>
<td>VND280t (US$13.2b)</td>
</tr>
</tbody>
</table>

### Livelihoods
- Cash handouts
- Tax deferrals & rebates

### Company support
- Tax exemptions and rebates
- Payroll support, enhanced financing support, rental waivers

### Regulatory ease
- Relaxing capital, liquidity and restructuring requirements

### Liquidity
- Reduced reserve requirements, new interbank funding facilities, bond buybacks

### Macroeconomic
- Currency band adjustment
- Interest rate cuts

### Non-fiscal
- Simplification of import and export requirements
### Singapore

The three fiscal packages offer comprehensive support for individuals and businesses and provide both short term liquidity support as well as measures to enhance recovery.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
</table>
| Government agencies | • Jobs Support Scheme: Co-funding of wages ranging from 25-75% with a monthly qualifying wage ceiling of SGD 4,600  
  • Enhanced Wage Credit Scheme: Co-funds qualifying wage increases  
  • Foreign worker levy waivers and rebates to ease labour costs  
  • Automatic deferment of income tax payments for companies and self-employed persons for three months  
  • Corporate tax rebates of 25% of tax payable to improve cash flow  
  • Property tax rebates: No property tax for qualifying commercial properties and 30% rebate for businesses in other non-residential properties such as offices and industrial properties; property owners are to pass on the rebate to tenants  
  • Rental waivers ranging from 0.5-3 months  
  • Enhanced financing schemes to ensure businesses can continue to have access to credit: Enterprise Financing Scheme and Temporary Bridging Loan Programme  
  • Packages to support specific sectors: aviation, tourism, food services, transport and, arts and culture  
  • Enhanced SMEs Go Digital Programme, Productivity Solutions Grant and Enterprise Development Grant  
|                                                           | • Corporates  
  • SMEs  
| Self-employed Person Training Support Scheme to support upskilling and reskilling  
| Self-employed Person Income Relief Scheme: Direct cash assistance of SGD 1,000 for 9 months  
| Enhanced Workfare Special Payment: One-off pay-out of SGD 3,000 for lower income workers on the Workfare Income Supplement Scheme  
| SGUnited Traineeships and Jobs that co-share manpower costs for traineeships and create jobs respectively  
| Enhanced financial assistance for the unemployed through Temporary Relief Fund and COVID-19 Support Grant  
| Enhanced Care and Support Package: Cash pay-out ranging from SGD 600-1,200 for all adult Singaporeans depending on income  
| Increased grants given to self-help groups and Community Development Councils to strengthen the network of support  
| Enhanced flexibility on government fees and loans: freezing of all government fees and charges, suspension of loan repayment and interest charges  
|                                                           | • Individuals  

### Singapore

Monetary Authority of Singapore (MAS) has adjusted capital and liquidity requirements and availed low cost funding for financial institutions to enhance liquidity in the market.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary Authority of Singapore</td>
<td>▶ Adjusting capital and liquidity requirements for banks</td>
<td>▸ Financial institutions</td>
</tr>
<tr>
<td></td>
<td>▶ Utilisation of capital buffers as appropriate to support lending activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Full recognition of regulatory loss allowance reserves (RLAR) as Tier 2 Capital to enhance capacity to lend</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Decrease in net stable funding ratio for loans maturing in less than six months from 50% to 25%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Provided guidance for setting accounting loan loss allowances</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Deferment of the implementation of regulatory reforms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ US$60b of funding to banks through a new US$ swap facility with the US Federal Reserve to maintain liquidity</td>
<td>▸ Financial institutions</td>
</tr>
<tr>
<td></td>
<td>▶ MAS SGD facility which provides low interest funds to Banks and finance companies provided they commit to pass on the savings in funding costs to their SME borrowers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Lowered the midpoint of the currency band and reduced the slope to zero, to help support export driven growth</td>
<td>▸ Corporates ▸ SMEs</td>
</tr>
</tbody>
</table>

MAS has worked together with financial institutions to come up with various measures to help individuals and businesses.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks and finance companies</td>
<td>▶ Deferment of principal payments of secured loans up to 31 December 2020 for secured loans; SMEs will be able to extend the tenure of their loans by up to the corresponding deferment period</td>
<td>▸ Corporates ▸ SMEs</td>
</tr>
<tr>
<td></td>
<td>▶ Low cost funding through SME Working Capital Loan Scheme and Temporary Bridging Loan Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Increased access to loans by waiving the need to submit financials for funds below a certain threshold</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Deferment of either principal only or both principal and interest for mortgages up to 31 December 2020</td>
<td>▸ Individuals</td>
</tr>
<tr>
<td></td>
<td>▶ Conversion of the outstanding balance of unsecured credit facilities to term loans with lower interest rates</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>▶ Increased flexibility for general insurance: premiums are paid in instalments</td>
<td>▸ Corporates ▸ SMEs</td>
</tr>
<tr>
<td></td>
<td>▶ Deferment of life and health premiums by up to 6 months without losing coverage</td>
<td>▸ Individuals</td>
</tr>
</tbody>
</table>
# Indonesia

Measures in Indonesia focus on individuals and SMEs, consisting mainly of fiscal incentives, easier access to credit and measures to ensure liquidity on the FX market.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>OJK</td>
<td>- OJK has issued guidelines to banks regarding the credit restructuring and financing for small and medium businesses, among other businesses.</td>
<td>SMEs</td>
</tr>
<tr>
<td></td>
<td>- Lowered the reserve requirements on foreign exchange from 8% to 4% to increase foreign exchange liquidity by US$3.2b</td>
<td>Corporate</td>
</tr>
<tr>
<td></td>
<td>- Optimized intervention on the spot market, domestic non-delivery forward market and state bond market to minimize volatile escalation of exchange rate</td>
<td>SMEs, Individuals</td>
</tr>
<tr>
<td>Government agencies</td>
<td>- Workers in the manufacturing sector with incomes below Rp 200 m per year will be exempt from income taxes for six months.</td>
<td>Individuals</td>
</tr>
<tr>
<td></td>
<td>- Debt payments will be delayed by six months for micro loan credit for businesses affected by COVID-19.</td>
<td>SMEs</td>
</tr>
<tr>
<td></td>
<td>- Import tax payments will be deferred for six months in 19 manufacturing sectors.</td>
<td>Corporate, SMEs, Individuals</td>
</tr>
<tr>
<td></td>
<td>- Overpaid taxes will be repaid without an initial audit.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- The corporate income tax will be reduced from 25% to 22%.</td>
<td>Corporate, SMEs</td>
</tr>
<tr>
<td></td>
<td>- Non-fiscal incentives to ease import and export activities like easing of regulatory reserve requirement, to be followed by banks</td>
<td></td>
</tr>
</tbody>
</table>

OJK has issued guidelines for banks regarding COVID-19, but implementation by different banks may vary.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks and finance companies</td>
<td>- Financial Services Authority (OJK) has advised to only assess the quality of loans up to IDR 10b. Banks are allowed to consider a loan as performing loan even if the quality is declining due to Covid19. OJK also issued guidelines to allow multi-finance companies to restructure their loans with banks using the same restructuring method.</td>
<td>Corporate, SMEs, Individuals</td>
</tr>
</tbody>
</table>
Thailand

Thailand has actively injected liquidity into the market by means of low cost funding and also provides cash subsidies for the most vulnerable individuals.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Thailand</td>
<td>• Measures to suspend interest payments and extend debt settlement; Varying measures taken by the different banks but typically involve repayment depending on the type of loan</td>
<td>• Corporate</td>
</tr>
<tr>
<td></td>
<td>• Cut one-day repurchase rate</td>
<td>• SMEs</td>
</tr>
<tr>
<td></td>
<td>• Set up a facility to provide liquidity to mutual funds through commercial banks</td>
<td>• Individuals</td>
</tr>
<tr>
<td></td>
<td>• Provide liquidity of US$12b to the government bond market through bond buying</td>
<td>• Financial</td>
</tr>
<tr>
<td></td>
<td>• Set up a US$2b to US$3b corporate bond stabilization fund</td>
<td>institutions</td>
</tr>
<tr>
<td>Government agencies</td>
<td>• A cash handout of 5,000 baht per month over six months for nine million people, as well as a program of low-cost loans. 1.5 times tax deductions on interest rates, and three times tax deductions on wage expenses</td>
<td>• Individuals</td>
</tr>
<tr>
<td></td>
<td>• US$15.2b of soft loans at 2% interest rates, plus another 30b baht of lending from the security fund at a rate of 3%</td>
<td>• Corporate</td>
</tr>
<tr>
<td></td>
<td>• Withholding taxes for businesses will be reduced to 1.5% from 3.0%</td>
<td>• SMEs</td>
</tr>
</tbody>
</table>

Banks and insurers provide various measures to ease the liquidity challenges of businesses and individuals.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks and finance companies</td>
<td>• Banks are offering reduced interest rates, principal payment deferrals, fee waivers and special insurance packages based on guidelines by the central bank but implementation can vary between different banks.</td>
<td>• Corporate</td>
</tr>
<tr>
<td></td>
<td>• Varying measures taken by the different insurers but generally involves extension of grace period of policy premium payment and waiver of fee for policy reinstatement</td>
<td>• SMEs</td>
</tr>
<tr>
<td>Life insurers</td>
<td></td>
<td>• Individuals</td>
</tr>
</tbody>
</table>
**Malaysia**

Focus is on SMEs, extending additional low cost funding and facilitating loan restructuring. Tax incentives and cash handouts are also provided for target industries and low income households.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bank Negara Malaysia (BNM)</strong></td>
<td>• Lower interest on SME loans: Enhanced existing financing facilities under the BNM's Fund for SMEs; increasing allocation of the funds of US$3b and lowering the financing rates&lt;br&gt; • Restructure of loans: BNM instructs Banks to facilitate requests by corporations and individuals to defer or restructure their loans/financing repayments&lt;br&gt; • Deferment of loan payments: Applicable to all loans/financing repayments for a 6 months period from 1 Apr 2020&lt;br&gt; • Reduction in statutory reserve requirement by 100 basis points.</td>
<td>• SMEs&lt;br&gt; • Corporate&lt;br&gt; • SMEs&lt;br&gt; • Individuals&lt;br&gt; • Corporate&lt;br&gt; • SMEs&lt;br&gt; • Individuals&lt;br&gt; • Financial institutions</td>
</tr>
<tr>
<td><strong>Government agencies</strong></td>
<td>• One-off cash handouts of about US$2.3b for middle and lower income groups, as well as a US$11.5b government guarantee scheme for the corporate sector&lt;br&gt; • Tax cut, deferring monthly tax instalment payment for tourism and affected companies</td>
<td>• Individuals&lt;br&gt; • Corporate&lt;br&gt; • SMEs</td>
</tr>
</tbody>
</table>

Commercial banks have largely followed the guidelines of BNM while insurers provide greater flexibility in premium payment.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banks and finance companies</strong></td>
<td>• Follow the guidelines of the Bank Negara Malaysia as detailed here above</td>
<td>• Corporate&lt;br&gt; • SMEs&lt;br&gt; • Individuals</td>
</tr>
<tr>
<td><strong>Life Insurers</strong></td>
<td>• Increased flexibility for general insurance: Restructuring to reduce the amount of premiums/contributions payable&lt;br&gt; • Deferment of life and health insurance premiums&lt;br&gt; • Deferment of 3 months for life and takaful premium/contribution</td>
<td>• Individuals</td>
</tr>
<tr>
<td><strong>General Insurers</strong></td>
<td>• Increased flexibility for general insurance: restructuring to reduce the amount of premiums/contributions payable</td>
<td>• Corporate&lt;br&gt; • SMEs</td>
</tr>
</tbody>
</table>
Philippines

Current fiscal measures are largely targeted at individuals while support for businesses have taken the backseat. Philippines has also received direct support from the Asian Development Bank (ADB) and World Bank.

<table>
<thead>
<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
</tr>
</thead>
</table>
| ADB, World Bank                     | • ADB: USD 3 m grant for the state purchase of medical supplies for health workers and US$5m grant to leverage private sector donations for a food distribution program  
• WB: US$100m fast-track loan for the Department of Health | Government          |
| Bangko Sentral Ng Pilipinas (BSP)   | • Reduction of the interest rate on the BSP's overnight reverse repurchase (RRP) facility by 50 basis points  
• Reduction of the reserve requirement ratio for universal and commercial banks by 200 basis points  
• Reduction of the minimum liquidity ratio for thrift, rural and cooperative Banks | Financial institutions |
| Government agencies                 | • Various programs and projects of the Department of Tourism amounting to PHP 14b to support the tourism industry  
• PHP 1b to provide microfinancing special loans for affected micro entrepreneurs/micro, small and medium enterprises | SMEs                |
|                                     | • PHP 3.2b for social protection programs for vulnerable workers  
• P3b to support affected and temporarily displaced workers through upskilling and reskilling  
• PHP 2.8b to provide loans of up to PHP 25k each at zero interest for smallholder farmers and fisherfolk  
• PHP 200b emergency subsidy program to distribute PHP 5-8k each month for two months to c. 18m households | Individuals         |

In addition to the mandatory 30-day grace period, various banks have implemented measures to restructure loans.

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<tr>
<th>Implemented by</th>
<th>Key measures</th>
<th>Beneficiary</th>
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| Banks and finance companies        | • All lenders to implement a 30-day grace period for all loans with principal and/or interest falling due within the Enhanced Community Quarantine Period without incurring interest on interest, penalties, fees or and other charges  
• Various programs of the largest government banks  
• Development Bank of the Philippines’s Rehabilitation Support Program on Severe Events provides public and private institutions in areas declared under a state of calamity with low-interest loans under a simplified application procedure  
• Land Bank of the Philippines offers restructured loan amortizations by giving longer tenor and grace periods, with the option of a fixed interest rate | Individuals, Corporates, SMEs |
**Vietnam**

Current measures involve ensuring sufficient liquidity by means of credit guarantees. Low income households receive a combination of fiscal incentives and social protection measures.

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<tbody>
<tr>
<td>Asian Development Bank, World Bank</td>
<td>‣ The Asian Development Bank has availed a US$6.5b initial package to address the immediate needs of developing member countries. The funds allocated to Vietnam have not been determined yet. &lt;br&gt; ‣ The World Bank has availed a US$12b support package to help developing countries strengthen health systems and work with the private sector to reduce the impact on economies</td>
<td>‣ Government</td>
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<tr>
<td>State Bank of Vietnam</td>
<td>‣ Cut key interest rates, including the refinancing and the rediscoun ting interest rates, the overnight interest rate in the inter-bank electronic payments and the interest rate on loans to finance short balances in the clearing transactions between the SBV and the commercial banks</td>
<td>‣ Financial institutions &lt;br&gt; ‣ Corporate &lt;br&gt; ‣ SMEs &lt;br&gt; ‣ Individuals</td>
</tr>
<tr>
<td>Government agencies</td>
<td>‣ VND 250t credit package implemented through the simplification of lending procedures, rescheduling of debt payment, lowering and waivers of interest rates for customers affected by COVID-19</td>
<td>‣ Corporate &lt;br&gt; ‣ SMEs &lt;br&gt; ‣ Individuals</td>
</tr>
<tr>
<td>‣ VND 30t fiscal package which provides direct support for poor households, social protection beneficiaries, employees who suffer a reduction of income from having to quit their jobs, work part-time or take unpaid leave, individual business households and self-employed workers affected by COVID-19</td>
<td>‣ Individuals</td>
<td></td>
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While SBV has issued guidance for commercial banks, lenders have some flexibility in determining the exact conditions.

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<td>Banks and finance companies</td>
<td>‣ The State Bank of Vietnam has issued guidance regarding debt repayment terms and exemption/reduction of interest rates but lenders are responsible for providing the specific guidance and deciding on the exact conditions &lt;br&gt; ‣ Reduction in fees for interbank transfers following the move of the National Payment Corporation of Vietnam (NAPAS) of lowering the switching fees, contributing to strengthening cashless payments</td>
<td>‣ Corporate &lt;br&gt; ‣ SMEs &lt;br&gt; ‣ Individuals</td>
</tr>
</tbody>
</table>
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